

Review of Virginia Slims V-Wear Promotion

May 18, 1994

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What This Presentation Will Cover

- ☐ The concept of an equity-building promotion.
- ☐ The development of V-Wear.
- ☐ Preliminary results.

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The Concept Of An Equity-Building Promotion

Definition: An equity-building promotion is one that helps make consumers think/feel/perceive our brand to be better than they did before the promotion. I.e., it reinforces/under-scores/extends the brand image. It adds value to the brand.

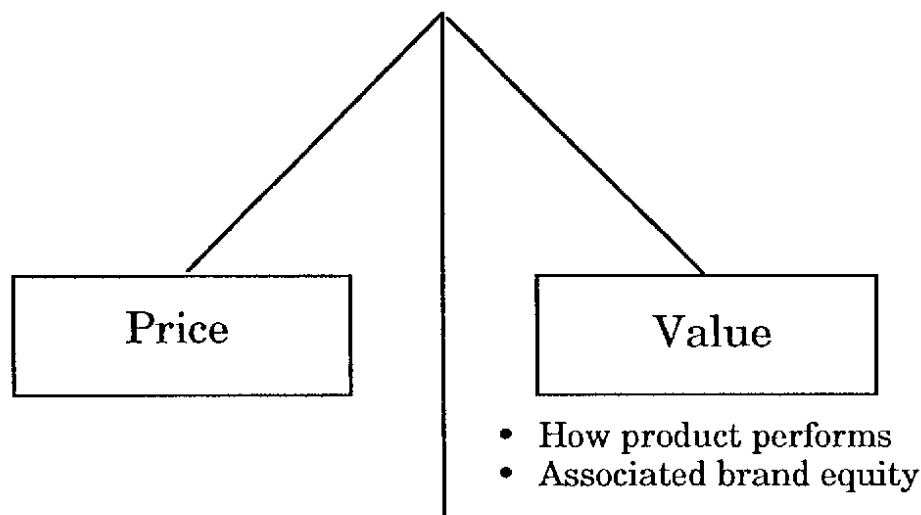
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Equity-building promotions are built on two assumptions:

1. Consumers employ a "value model" approach to choosing between brands.
2. Long term, the economics of an equity-driven brand are preferable.

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The Value Model



- Consumers weigh the price/value equation and select the brand that , for them, has the best price/value balance.
- Implication: Smart marketers continue to add value to their brands.

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Long term, the economics of an equity-driven brand are preferable.

- In general, the most profitable companies own the highest-value brands.
- Virginia Slims promotion economics illustrate:

Example: Per pack promotion costs

25¢	Coupon	14¢	UPC for equity building V-Wear
<u>10¢</u>	Redemption	<u>5¢</u>	Consumer communication
35¢		19¢	

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The Development Of V-Wear

Three Development Steps

1. Recognition of brand equity we want to build.
2. Selection of the merchandise.
3. Development of the communication.

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1. Recognition Of Brand Equity We Want To Build

Rather than showing an appealing yet familiar image, Virginia Slims has always portrayed women in a way that playfully challenges the accepted definitions. This approach works to reinforce a position of leadership for the brand.

The Old Time/New Time campaign did that explicitly by stating and then refuting the old accepted definitions of women. The new campaign achieves the same ends in a more relevant way by:

- 1) Visually depicting situations that reflect modern, self-confident, spontaneous women in fresh or unexpected situations,
- 2) Complementing that visual with copy that reflects a unique Slims philosophy ("attitude") that is intelligent, humorous, and forward thinking.

Taken together, these elements establish a unique "leading edge" positioning for the brand that is indisputably contemporary while remaining true to the Virginia Slims heritage.

2. Selection Of The Merchandise

- Principle criterion: The collection must appeal to our target of women 25-54 and communicate the personal qualities of intelligence, sense of humor, and forward thinking.
- Collection options decided with consumer input via qualitative research.

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3. Development Of The Communication

- Objectives
 - Communicates "news" of the new V-Wear collection's availability and contents.
 - Do so in a manner which is impactful and consistent with our brand equity.
 - Be consistent across executional elements.
- Key Elements
 - Retail displays with incentives
 - Advertising
 - FSI
 - Direct Mail

Preliminary Results

A quantitative test indicated we have "lifted" the program from last year's effort.

Qualivue Results

	<u>1994</u>	<u>1993</u>
	<u>%</u>	<u>%</u>
Read Catalog	93	69
Kept Catalog	59	40
Saving UPC's	63	38
Plan on Ordering	59	40

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Actual Redemption vs. Forecast

According to the most recent forecast, UPCs redeemed will exceed expectations.

<u>Item</u>	<u>Initial UPC Forecast</u>	<u>Revised UPC Forecast</u>
Tattoo Kit	1,379,680	91,400
Quote Tee	1,325,100	625,440
Choker Kit	1,544,305	1,004,395
Sunglasses	4,962,440	2,015,280
Pendant Lighter	1,176,040	1,920,720
Floral Scarf	461,890	759,000
Tapestry Tote	2,124,300	1,853,580
Big White Shirt	1,322,480	2,965,680
Burgundy Vest	1,836,800	3,726,800
Suede Pouch	2,915,150	4,118,100
Watch	2,998,560	6,920,880
Leather Jacket	<u>7,232,800</u>	<u>8,257,600</u>
Total	29,279,545	34,258,875

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Virginia Slims Share 1MM

<u>Aug. '93</u>	<u>Nov. '93</u>	<u>Dec. '93</u>	<u>Jan. '94</u>	<u>Feb. '94</u>	<u>March '94</u>	<u>April '94</u>
2.69	2.84	2.91	2.93	2.91	2.91	2.88

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